

OSM

Presentation Interim Results 2000/2001

May 2001

HIGHLIGHTS FIRST HALF YEAR

- Net profit up by 18.5% to € 80 mln (EPS 18.3% to €0.97)
- Net turnover increase of 47.2% to € 1,796 mln
- Sale of food: proceeds € 425 mln, book profit € 301 mln
- Integration of bakery supplies Europe on schedule, expected synergy benefits of € 20 mln in three years
- Bakery supplies North America off to weak start
- Sugar confectionery reinforces position on European market
- Successful beet campaign in 2000
- PURAC's turnover continues to grow strongly

Prospects full year: net profit increase in line with first half year

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FINANCIAL RESULTS FIRST HALF YEAR

	00/01	99/00	%
in millions of €			
• net profit*	80.0	67.5	+18.5
• EBITA	133.1	103.0	+29.2
• net turnover	1,796.4	1,220.0	+47.2
per share in €			
• net profit*	0.97	0.82	+18.3
• cash flow	0.81	0.27	+200.0

* net profit from ordinary activities before amortisation of goodwill

CONSOLIDATED BALANCE SHEET

in millions of €

Assets	31/3/01	30/9/00	Liabilities	31/3/01	30/9/00
Intangible fixed assets	436.5	-	Equity	659.0	269.1
Tangible fixed assets	775.7	648.9	Provisions	358.8	280.7
Financial fixed assets	40.9	28.7	Convertible bonds	119.2	118.3
Stocks	484.9	360.5	Long term liabilities	436.8	233.8
Debtors	566.4	408.6	Short term interest-bearing liabilities	255.8	152.0
Cash	<u>111.4</u>	<u>86.0</u>	Other creditors	<u>586.2</u>	<u>478.8</u>
Total	2,415.8	1,532.7	Total	2,415.8	1,532.7
			Equity plus convertibles / balance sheet %	32.2	25.2

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KEY RATIOS

	00/01 %	99/00 %
• EBITA / net turnover	7.4	8.4
• EBIT / net turnover	6.8	8.4
• Net profit / net turnover	4.5	5.5
• ROCE (excl. goodwill)	21.9	22.5
• Interest cover	4.8	10.7
Total assets : Shareholders' equity	1 : 0.3	1 : 0.2
Net debt position : Shareholders' equity	1 : 0.9	1 : 0.7

OVERALL PERFORMANCE

- Increase in turnover and net profit primarily due to acquisitions of Continental Sweets and European Bakery Supplies Business
- Insufficient organic growth
- Limited effect of higher US dollar
- Food division contributed 5 months
- All divisions faced with considerable increases in the prices of energy, raw materials and packaging
- Financial expense rose to €28 mln; interest cover 4.8, full year over minimum target of 5

SEGMENTATION RESULTS FIRST HALF YEAR

ROCE**	net turnover		op. profit		margin		av. capital invested*			
	00/01	99/00	00/01	99/00	00/01	99/00	00/01	99/00	00/01	99/00
bakery supplies Europe	523.0	75.9	34.5	4.8	6.6	6.3	291.4	21.4	24.0	48.6
bakery supplies North America	534.8	488.7	22.2	26.6	4.2	5.4	247.0	207.3	19.5	27.8
branded consumer products	486.0	442.1	37.0	37.0	7.6	8.4	417.8	428.4	19.2	18.7
industrial processing activities	252.6	213.3	45.8	36.7	18.1	17.2	327.4	328.1	30.3	24.2
CSM consolidated	1,796.4	1,220.0	133,1	103,0	7.4	8.4	1,293.4	991.4	21.9	22.5

* Capital employed excluding goodwill

** EBITA from ordinary activities on an annualised basis

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BAKERY SUPPLIES EUROPE

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MARKET PROFILE

- Market size € 8.5 bln
(**excluding** base commodities and distribution)
 - ingredients €5 bln, products €3.5 bln
- Market share 12% (#1)
 - ingredients 15%, products 8%
- Market position:
Germany, Italy, France #1; most other countries # 2-3
- Main customers: artisan bakers (2/3); industrial bakers, food service operators, supermarket in-store bakers (1/3)
- Main brands (B2B): MeisterMarken, Ulmer Spatz, Boehringer Backmittel, Produits Marguerite, Arkady Craigmillar
- Competitors: Puratos, DSM/Gist Brocades, VandeMoortele, Ireks, Grands Moulins de Paris, ABF plus many locals
- Organic market growth overall 2-4%; bakery products 5-7%

MARKET TRENDS

Consumer

- From formal around the table to informal around the clock
- Rather less but fresh and tasty
(baking at the time of purchase)
- Health awareness
(functional food: multi-grain, calcium, fibres)
- Internationalisation of life style
(international specialities)

Channels and trade

- Artisanal still leading (50%); franchise chains increasing
- Growing importance of chains, plant and in-store bakeries
- Horizontal/vertical integration along the chain

STRATEGY

- Marketing & sales specialised per market segment (total sales force 1,250 people)
- Accelerated growth in Out-Of-Home (food service) segment
- Key account management
- Maintain/selectively grow strong position in artisanal segment
- Export to emerging regions (Asia and Middle East)
- Strong drive for operational efficiency (supply chain management)

BUSINESS PROGRESS

- Turnover and EBITA according to expectations (Germany and Italy plus, UK and France slightly minus)
- Activities integrated in Austria and Denmark
- Activities being integrated in:
 - Germany: MeisterMarken and Boehringer Backmittel
 - France: Frabep and BIAL
 - Italy: BakeMark Italia and Agivega
- Factory in Germany and Italy to be closed later this year
- First synergies to show end 2001
- Results in the second half year comparable to first half year

BAKERY SUPPLIES NORTH AMERICA

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MARKET PROFILE

- Market size \$ 17.8 bln
(**excluding** base commodities, **including** distribution)
- Market share 6% (#2)
- Main customers: retail bakery (40%), in-store bakery (20%)
wholesale bakery (15%), food service (15%)
- Main brands (B2B): BakeMark, Baker&Baker, Karp's,
American Ingredients, Henry&Henry, QA Products
- Competitors: Pillsbury, Dawn, Multifoods, Puratos
- Organic market growth overall 2-4%; bakery products 5-7%

MARKET TRENDS

Consumer

- Focus on quality versus quantity
- Demographic changes

Channels and trade

- Growing number of independent Hispanic bakeries
- Increasing importance of chain, wholesale and in-store bakeries
- Consolidation/concentration of trade

STRATEGY

- Increase share of higher added value ingredients and bakery products (frozen, par-baked)
- Grow sales of CSM manufactured products
- Efficiency of production sites
- Optimisation of distribution network

BUSINESS PROGRESS

- Increase in turnover by 9.4% due to higher US dollar
- EBITA down by 16.5% caused by lower margins in distribution:
 - price decreases in commodities
 - cost increases (energy, packaging)
 - declining economic growth
- Efficiency projects started at Baker&Baker's manufacturing and BakeMark East's distribution
- Down-sizing of current network of 36 distribution centres, without affecting existing market position
- Improvement of EBITA expected for second half year

SUGAR CONFECTIONERY

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MARKET PROFILE

Sugar confectionery

- Market size Europe (consumer value) €7.6 bln
- Market share 15-20% (#2)
 - Scandinavia, Finland and Benelux (#1); Italy and France (#2)
- Main brands:
 - Scandinavia: Läkerol, Bilar, Malaco, Menthol
 - Finland: Mynthon, Läkerol, Leaf
 - Benelux: Red Band, Venco, King
 - Italy: Dietorelle, Sperlari
 - France: Lutti
- Competitors: Haribo, Cadbury, Perfetti/Van Melle
- Organic growth 3% (range per country 1-5%)

MARKET PROFILE

Chewing gum

- Market size Europe (consumer value) €2.6 billion
- Market share 6% (#4)
 - Finland and Benelux (#1); Denmark (#2)
- Main brands:
 - Denmark: Sorbits
 - Finland: Jenkki, Xylifresh
 - Benelux: Sportlife, Xylifresh
- Competitors: Wrigley, Perfetti, Dandy
- Organic growth 4%

Sugar confectionery / chewing gum

- Market trends: functional, sugar free, pocket candy
- Distribution channels: food (1/2), direct impulse / bar&tabacco (1/2)

STRATEGY

- Strive for #1/2 position in key European markets
- Focus on regional and international branding
- Strengthen organic growth
- Acquisition of branded players
- Optimisation of cost- and revenue related synergies
- Build position in emerging markets
(Eastern Europe, Asia)

BUSINESS PROGRESS

- Increase in turnover and EBITA due to full consolidation of Continental Sweets
- On balance modest organic growth
- Higher costs of energy, packaging and raw materials
- Prices increased, temporary reduction in sales
- Synergies yet to be realised from Leaf and Continental Sweets € 10 mln
- (Re)launches: Sportlife, Venco, Xylifresh (Benelux), Sperlari, Galatine Cappucino (Italy), Malaco mixed bags (Scandinavia) and Sorbits (Denmark); increased A&P spending
- Acquisition of Socalbe: Dietorelle brand, additional distribution channel, synergies € 5 mln within 2 years
- Further rise in turnover and EBITA in second half year

SUGAR

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MARKET PROFILE

- Market size Netherlands 872,000 tonnes quatum
- Market share 37.5% (#2)
- Main customers: industrial (85%), retail (15%)
- Main brand: CSM
- Competitors: Cosun and other European producers
- Market trends:
 - product diversification in retail
 - food safety (quality requirements, traceability)

STRATEGY

- Cost leadership
- Margin improvement on sugar and by-products
- Optimisation of logistical processes

BUSINESS PROGRESS

- Successful 2000 campaign despite wet weather conditions: 2.5 million tonnes beet, 401,000 tonnes sugar
- EBITA higher than last year
 - efficient campaign and higher results at alcohol JV Nedalco
 - partly off-set by higher energy prices (€5 mln)
- Sugar regulation to be renewed before July 2001
- Book profit on sale of Halfweg site

PURAC

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MARKET PROFILE

- Market size in 2000: 110,000 tonnes (lactic acid 100%)
- Market share 70% (#1)
- Customers:
 - segments: food (60%); animal feed, pharmaceutical, cosmetics, technical, medical (40%); > 6,000 customers
 - geographies: America 40%, Europe 40%, Asia 20%
- Competitors: ADM, Galactic, Musashino
- Organic growth PURAC 10-15%
 - lactic acid 5-10%
 - derivatives 15-20%
- Growth driven by market trends for more convenience, health, natural ingredients, environment friendly and renewable resources

STRATEGY

- Emphasis on higher margin and faster growing lactic acid derivatives through product improvement and product diversification
- Production of optimal quality lactic acid at lowest possible costs
- Development of new applications and geographies
- Positive market development expected in PLA
- Capacity expansion of basic lactic acid in Spain, Brazil and United States

BUSINESS PROGRESS

- Increase in net turnover 20% (sales volume over 10%); all regions except South America and Japan
- Higher US dollar positive effect on EBITA
- Results JV with Cargill improved; one-time write-off of previously activated start-up losses
- Strong growth in derivatives:
 - preservatives for meat industry (new product Opti.Form)
 - calcium enhancer (Puracal)
- Significant cost increases of sugar and energy
- Investments in biomaterials in Netherlands and lactylates in Brazil
- Clear rise in turnover and EBITA expected in second half year

PROSPECTS 2000/2001

- Bakery supplies Europe:
integration of activities, results in line with expectations
- Bakery supplies North America:
efficiency projects in manufacturing and distribution,
improvement of results in second half year expected
- Sugar confectionery:
rise in results due to consolidation of Continental Sweets
and Socalbe
- Sugar: results higher than last year
- PURAC: increase in results due to higher sales volumes
- No contribution of food in second half year

**Net profit increase full year in line with increase
first half year**

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